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# ECONOMIC DEVELOPMENT

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## INTRODUCTION

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Business and industry make a positive contribution to the fiscal health of a community both by creating jobs for the residents and by contributing local tax revenues that exceed the cost of providing public services to such development. These excess tax revenues can then be used to help pay for the public services required by the County's residents while helping to keep residential taxes to an acceptable level.

In the face of uncertainty surrounding the future of Federal and State financial assistance, York County must be prepared to place a greater reliance on locally-generated revenues. This need is compounded by a growing County population that will continue to desire excellent public services. In order to accomplish these objectives without dramatic increases in real estate tax rates, a comprehensive analysis was completed which determined that a real property tax assessment ratio of 30% non-residential property to 70% residential property (Public Service Corporations excluded) would provide a desirable balance at the ultimate build-out of York County. This represents an increase from the present percentage of non-residential real property tax assessment of 19%.

York County has experienced considerable growth in its economic base since the adoption of the Comprehensive Plan in 1991, attracting over \$70 million in commercial and industrial development, including both new construction and expansion of and alterations to existing construction. The County's economic growth can be seen in various economic indicators. Retail sales have increased by 75% since 1991, while employment has grown 21% (2500 new jobs created) and the average wage has increased by 12%. This is attributable largely to the nationwide economic boom that began in 1992 but also to specific actions taken by the County and the IDA that have enabled York County to reap the benefits of this boom.

The County and the IDA have made significant investments in infrastructure since 1991, particularly in the Economic Development Priority Areas designated in the 1991 Comprehensive Plan, both to encourage new businesses to locate in the County and to retain existing businesses. These include the extension of public water and sewer to the Lightfoot area, dedication of County funding to the extension of Fort Eustis Boulevard, and the construction of a 60,000-square foot industrial shell building within the 182-acre York River Commerce Park.

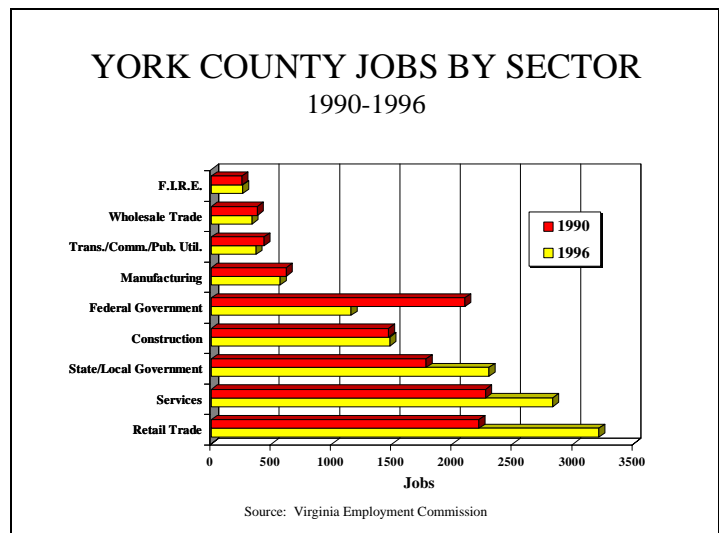
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## SUMMARY OF EXISTING CONDITIONS

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### Economic Trends

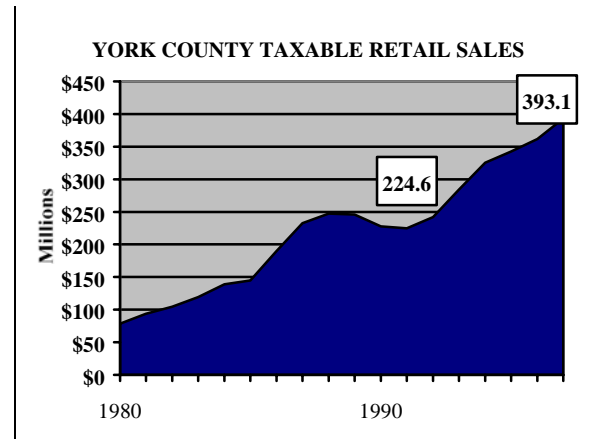
York County has experienced long-term economic growth during the post-World War II era, beginning in the late 1950s with the development of the Amoco refinery and the Virginia Power Yorktown Power Station and continuing in the 1970s and '80s with the development of the Bypass Road corridor and of several new shopping centers to serve a growing residential population. Spurred by a second retail boom, York County's economic growth in the 1990s has surpassed that of its neighbors throughout the metropolitan area. York County attracted nearly \$100 million worth of commercial and industrial development from 1990 through 1996, creating almost 1,600 new private sector jobs and, although the government still dominates the jobs base with a 29% share, helping the County to make the transition from a public sector-based economy to one that is increasingly reliant on the private sector. Between 1990 and 1996, the



**Figure 10**

County's employment base has grown by almost 9%, and *private sector* employment has grown **19%**. Wages have lagged, however, because most of the new jobs have been in the relatively low-paying retail trade and services sectors while the number of well-paying Federal jobs has declined. The average weekly wage in the County increased by 6.5% between 1991 and 1996 but actually *fell* by 7.8% when adjusted for inflation.

The retail boom has boosted taxable sales by over \$100 million. Taxable retail sales in York County have skyrocketed in recent years, increasing 60% between 1991 and 1997. Adjusted for inflation, this represents a sizable increase of 25% in five years. As a result, York County's share of Peninsula retail sales increased from 8.7% in 1990 to 10.9% in 1997. Most of the sales growth in recent years has been in the General Merchandise Group, where sales more than doubled between 1990 and 1997.



**Figure 11**

Tourism has not benefited significantly from this economic growth. Although average annual motel occupancy rates have been fairly stable during the 1990s, motel revenues declined for four consecutive years before turning upward again in 1995. Between 1988 and 1996, the County's share of Peninsula motel revenues dropped from 12.3% to 9.2%.

Business growth has had a strong impact on the County's tax base. Total tax revenues generated by commercial and industrial development almost doubled between 1990 and 1995, increasing from \$10.4 million to \$19.4 million. Though substantial, York County's economic growth during the 1990s has been largely overshadowed by residential growth. Consequently, the residential share of the County's real property tax base grew slightly (from 67% to 68%) from 1990 to 1995, while the residential share of the County's *total* tax base increased from 43% to 45%.

### **Economic Opportunities And Constraints**

Businesses consider a variety of factors when making locational decisions. To attract new businesses *and* to retain existing ones, York County must concentrate on exploiting its opportunities while minimizing its constraints.

- York County has a well-educated and highly trained labor force, with high school graduates who continually rank at or near the top in the region as well as many highly trained military retirees.
- York County offers good access to the Interstate highway system, with three full I-64 interchanges located entirely within the County and close proximity to another four interchanges. In addition, the planned extension of Fort Eustis Boulevard from Route 17 to Goodwin Neck Road will provide a direct interstate connection to 182 acres of undeveloped industrial land. Another Economic Development Priority Area of the County where access needs to be improved is the area south of Victory Boulevard. Extension of Commonwealth Drive from Route 171 to Route 17 would open up a large section of vacant industrial property to development.
- For air transportation, the Peninsula is served by Newport News/Williamsburg International Airport and is within an hour's drive of Norfolk International Airport and Richmond International Airport, which offer many more flights. All three airports are considering expansion plans.
- York County has made a significant investment in providing public water to the Lightfoot area to attract economic development, but there are other areas that have a strong potential for economic development provided that the infrastructure is in place. These Economic Development Priority Areas are shown on Map 4 and include the Lightfoot area, the Camp Peary interchange, the Mershon-Royalls and Egger

tracts in the upper County, the Virginia Power property on Old York-Hampton Highway, and the Victory Boulevard/Commonwealth Drive area.

- York County offers a favorable tax rate and wage rates that are below the State and regional averages.
- The Industrial Development Authority in partnership with the County and Virginia Power, has built a 60,000-square foot industrial shell building on Old York-Hampton Highway that is being marketed to businesses in search of a site.
- Unlike older central cities that face the task of reversing negative images, York County's natural locational and aesthetic advantages result in a favorable image for the County, which has the highest net migration rate in the metropolitan area and offers a pleasant living environment for employees.

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## CITIZEN INPUT AND PLANNING POLICIES

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York County's citizens strongly support efforts to attract new economic development into the County, with more emphasis on tourist-related commercial, office, and light industrial development and less emphasis on retail and heavy industry; based on the Comprehensive Plan Review Survey results, these efforts are supported by three-fifths of the residents. Furthermore, in the survey the citizens ranked "Attracting new businesses into the County" as the fourth-most important overall goal for the County. Of the three options presented in the survey regarding steps to take to achieve this goal, the most popular – supported by 40% of the population and by 65% of those who support economic development – is extending public utilities to unserved, undeveloped areas designated for economic development. Least popular was to ease zoning regulations – such as landscaping requirements and sign regulations – for economic development. Except in the case of small-scale home occupations, such development should be well buffered from residential areas, although small neighborhood businesses may be permissible in proximity to residential neighborhoods.

In devising a strategy for attracting economic development, it is necessary to target those types of businesses that will return the greatest benefits to the County in terms of tax revenue, jobs, the environment, and the quality of life. As illustrated in **Figure 12**, different types of economic development have different advantages and disadvantages based on their varying fiscal, employment, and environmental impacts.

### **Retail**

Commercial retail development generates the most tax revenues and has a moderate effect on job creation. Retail jobs, however, offer an average weekly wage of slightly over \$200 and are the lowest-paying jobs of any category. Retail development generally has a low environmental impact. It does not generate significant air or water pollution, but the need for extensive automobile parking greatly increases stormwater runoff. This can increase the pollutants entering stormwater outfalls and possibly exacerbate stormwater management problems in low-lying areas of the County where flooding is a problem. Such development generates more traffic than any other type of development and therefore should be limited to major arterial roads designed to handle such traffic. It should also be noted that retail development will be guided by demand, which, with the exception of tourist-related retail, is largely a function of residential growth.

### **Office**

Office development is similar to retail in its environmental impact. Trip generation figures are somewhat lower for offices, but extensive parking requirements remain. The impact of both retail and office development could possibly be alleviated by increased investment in public transit facilities, such as rail transportation. Not only would highway construction needs be reduced but the runoff problems associated with vast amounts of impervious surface would be lessened as well. Office development generates higher tax revenues and job creation than does light industry and does so in a much more aesthetically pleasing environment. However, with the exception of management and scientific/technical jobs, office development still lags behind manufacturing in average wage rates for less-skilled workers.

## Industrial

Gross tax revenues generated by industrial development are lower than for office or for retail, and the employment impacts are comparable. However, industrial wages, especially in the manufacturing sector, are typically well above average. Light industrial development involves considerably lower levels of employment, but the wages are typically above average. Traffic generation also lower, but there can be considerably more truck traffic.

General or *heavy* industry is, of course, most often identified with air and water pollution. Although EPA standards have lessened the impact of heavy industry, the County must continue to exercise caution that short-term fiscal needs do not eclipse long-term quality of life considerations. Traffic impacts of general industry vary greatly depending on whether a particular industry is labor-intensive or capital-intensive. Given the existing highway constraints in the County's Goodwin Neck General Industrial corridor, it would be prudent to emphasize capital-intensive industry in this area until Route 105 is extended to Goodwin Neck Road.

## Summary

All of these considerations lead to the conclusion that a balanced approach should be taken with regard to land use and real estate development. In essence, the high tax-generating attributes of retail development can be balanced against the aesthetic appeal of office development and the typically higher wages associated with industry. Each type of non-residential development has its place in an overall economic development strategy. Consequently, great care must be taken to ensure that the land made available for each type of development is suited to such development with regard to such considerations as visibility, access, utilities, environmental sensitivity, and compatibility with nearby development. Retail development, for example, should be limited to major arterial roads that can handle the high traffic volumes. Traffic generation for industrial development is lower, but there is considerably more heavy truck traffic, requiring that these activities be located along major thoroughfares. These activities should be located along roads capable of handling such traffic and should not have to be accessed through residential areas. Office development is more compatible with residential development and can be used as a buffer between residential areas and more intense types of development.

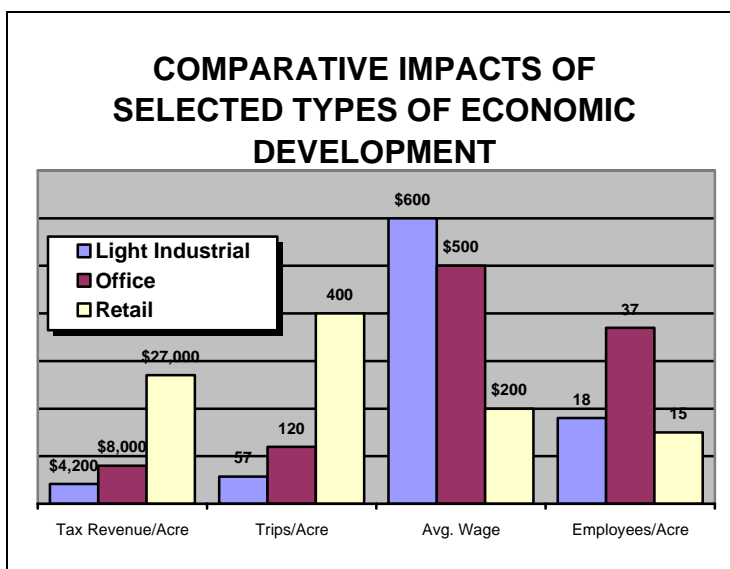
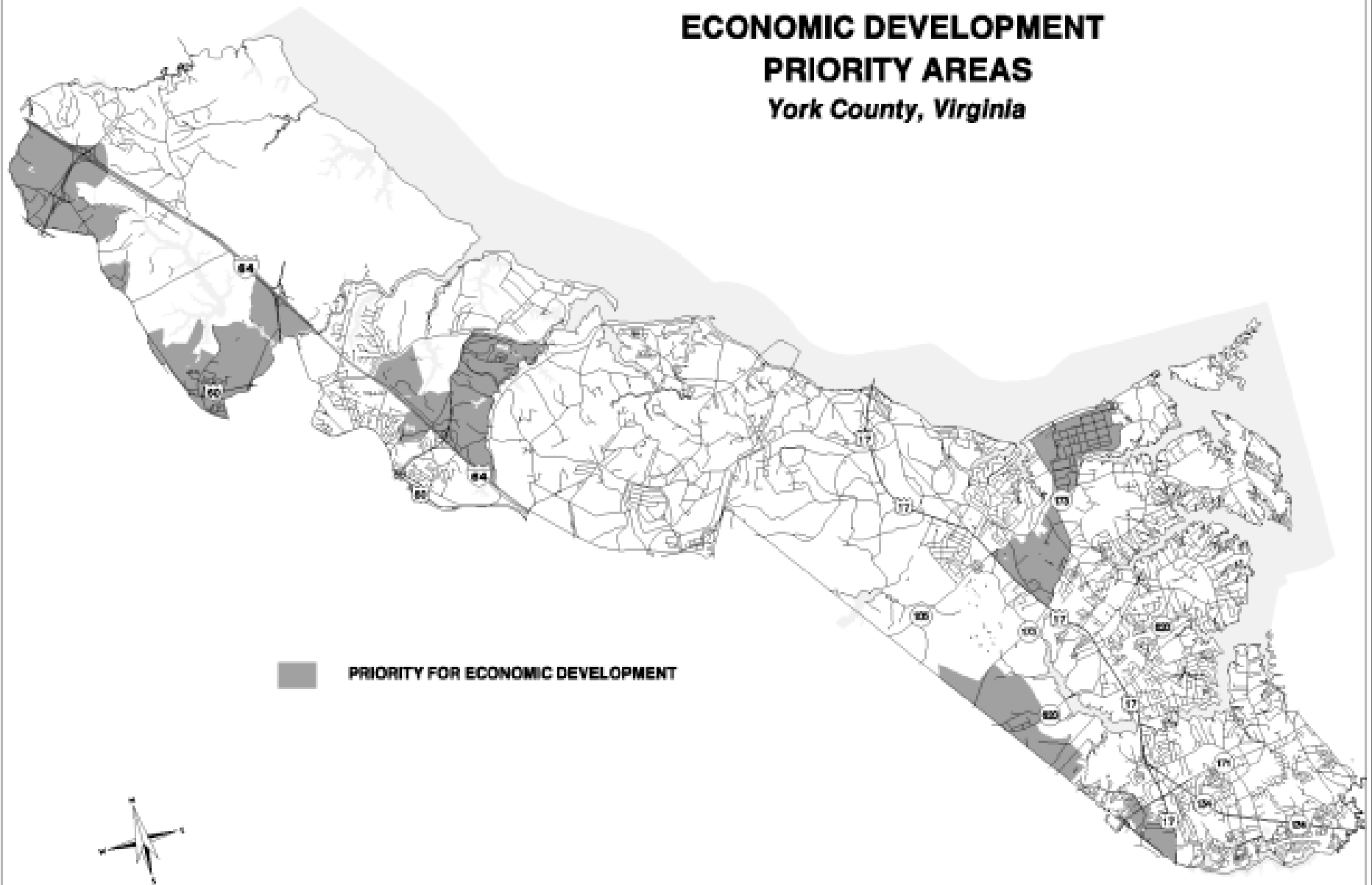


Figure 12

York County's desire to attract new businesses that provide good jobs must be tempered with the recognition that the County is limited by macroeconomic forces that are beyond its influence. Statewide, according to the Virginia Employment Commission's projections, the major employment growth sectors, at least through the year 2005, are expected to be services and retail trade, followed by government, construction, F.I.R.E. (Finance, Insurance, and Real Estate), and wholesale trade. The manufacturing sector, in contrast, is expected to shrink. Clearly, the competition for high-wage light manufacturing businesses in Virginia will be keen. Moreover, in today's global marketplace, York County must realize that competition for economic development is not just local or even statewide; rather, it is national and worldwide. It is not enough for a locality to work to enhance its relative attractiveness for economic development within the region. York County must also work *with* neighboring jurisdictions to promote the *entire* Hampton Roads region.

# **ECONOMIC DEVELOPMENT PRIORITY AREAS**

*York County, Virginia*



 **PRIORITY FOR ECONOMIC DEVELOPMENT**



November 05, 1999  
Prepared by York County  
Computer Support Services

York County's economic base has been growing at a steady rate for many years, but this growth has been more than offset by rapid residential development. Clearly the County will need to attract even more economic growth to counteract the negative fiscal impact of residential growth. York County has many attributes – including an outstanding labor force, a highly regarded school system, a relatively low tax rate, and a pleasant living environment – that give it a competitive advantage over other localities as a business location. The County must capitalize on these assets while working to remove obstacles that hinder economic development. Clearly, the most significant obstacle is the lack of adequate public utilities at key potential business locations, particularly along Interstate 64. The challenge facing York County is to offer prime locational opportunities to those light industrial and office concerns that provide the desired quality of development. Business pays a higher proportional share of the County's bills than residential development without generating large public service demands. If York County is to pursue a favorable mix of residential and non-residential development, it must offer what business wants and what is already being offered in an intensely competitive market. In order to pursue a balanced tax and employment base, the County must assume an aggressive stance relative to economic development. The public sector must join with, and perhaps in some instances precede, the private sector in extending mainline public water and sanitary sewer service to key economic priority areas. York County is ideally situated to attract high-quality, environmentally sensitive economic development if the County is prepared to address the needs of the marketplace through public investment in infrastructure and appropriate land-use designations.

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## A VISION FOR ECONOMIC DEVELOPMENT

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York County should be a community with a healthy and diverse economic base that provides well-paying jobs and generates sufficient revenue to pay for the service needs of both businesses *and* the citizens without detracting from the natural environment or the overall quality of life.

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### ECONOMIC DEVELOPMENT GOALS AND STRATEGIES

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- 1 Expand York County’s tax base in accordance with the following targets:**
  - **Increase the commercial and industrial proportion of York County’s total tax revenue to 50%.**
  - **Increase the combined share of nonagricultural civilian employment represented by the Manufacturing, F.I.R.E. (Finance-Insurance-Real Estate), Transportation-Communication-Public Utilities, and Wholesale Trade sectors.**
  - 1.1 Participate with the private sector in the development of two or more business/industrial parks in the County, with primary emphasis on the following:
    - 1.1.1 Constructing industrial shell buildings in strategic locations as market opportunities arise.
    - 1.1.2 Improving vehicular access and assisting in the cost of public sewer and water extension to Economic Development Priority Areas.
  - 1.2 Assist existing businesses with sewer and water extensions that will facilitate their retention and/or expansion.
- 2 Enhance the long-term visual attractiveness of the County’s arterial roadways.**
  - 2.1 Encourage the adaptive re-use of existing vacant commercial properties by utilizing all available tools and techniques, such as offering performance-based tax and regulatory incentives.
  - 2.2 Continue to require landscaping and, to the extent practical, the retention of existing trees and vegetation in all new development and redevelopment.
  - 2.3 Undertake public improvements to the York County segments of Williamsburg area corridors, including Richmond Road, Bypass Road, Second Street, and Merrimac Trail.
- 3 Increase visitation to York County.**
  - 3.1 Continue the Yorktown revitalization effort with initial emphasis on public improvements to the historic village of Yorktown and other historic sites in the County.
  - 3.2 Participate in the development of events and facilities designed both to bring visitors into the area during the shoulder seasons or off-season and to encourage visitors to remain longer.
- 4 Increase public awareness of the importance of economic development to York County.**
  - 4.1 Publish at least one article in each issue of the Citizen News publicizing business and its importance in York County’s economy.
  - 4.2 Develop a “Focus on Business” segment as a regular feature on the “County Courier” program on York County’s cable channel 36.

**5 Expand job opportunities for York County's high school graduates.**

- 5.1 Promote and support linkages between the secondary and higher education systems and business and industry to ensure that the needs of both employers and potential employees are being addressed.

**6 Promote York County as an attractive location for economic development.**

- 6.1 Publicize the high quality of the County's labor force as an inducement for prospective new businesses in the County.
- 6.2 Refine the IDA's database of available nonresidential properties for marketing purposes.
- 6.3 Support the development of state-of-the-art telecommunications facilities in appropriate locations in the County.
- 6.4 Actively work with regional entities and local colleges and universities to develop and promote regional strategies and plans that will benefit the economic well-being of York County, the Virginia Peninsula, and Hampton Roads.
- 6.5 Foster mutual communication and cooperation among the County, the IDA, and the York County business community.
- 6.6 Aggressively pursue the conversion of surplus state and federal lands for economic development.
- 6.7 Negotiate with the Commonwealth of Virginia to convert the State Fuel Farm on Penniman Road for an economically beneficial use.
- 6.8 Continue to replenish the Industrial Development Authority's Capital Fund for economic development.

**7 Exploit, upgrade, and extend existing rail linkages in York County to promote industrial and warehousing uses.**

- 7.1 In concert with the U.S. Navy, determine the feasibility of modernizing and using the Cheatham Annex spur line to serve privately held industrial property adjacent to it. If determined feasible, preliminary engineering for such modernization should be performed.

**8 Eliminate unnecessary delays in the review of economic development projects.**

**9 Encourage creativity in the design of economic development projects.**

- 9.1 Provide opportunities for the mixing and integration of different types of uses--both business and residential--within a single development under a coherent overall master plan.
- 9.2 Review the Zoning Ordinance for opportunities to allow greater flexibility in the design of commercial and industrial projects, particularly at strategically located nodes.